ADMINISTRATION & FINANCE COMMITTEE

Meeting Minutes - February 22, 2024

Draft Approved

CALL TO ORDER - 4:30pm

CALL TO ORDER

ROLL CALL

Committee	Staff
Trustee Liddle (as Chair) Mayor Gunter Clerk Szymski Trustee Nero Trustee Guzzo Trustee Barker Trustee Brady Trustee Simonovich GUESTS: Fenil Patel SVP-PMA Financial	Village Manager May Assistant Manager Parker GS Director Mielcarski HR Director Brainerd PW Director Ries Executive Director Forssberg Fire Chief Riley IT/Johannpeter(booth) Deputy Liquor Commissioner Mulhearn Assistant Finance Director Westra

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS - None

APPROVAL OF MINUTES

A. The November 30, 2023 and the January 11, 2024 minutes of the Administration & Finance Committee.were approved by Motion Trustee Brady and seconded by Trustee Guzzo.

UNFINISHED BUSINESS - Public Works presentation on Street Lights was continued: **Streetlights**

1. The discussion centered around the installation of downtown street lights and related concerns. It was clarified that if installed, the lights would need to be temporarily removed and could be reinstalled later. Salvaged lights would be installed in places like parking lots with similar heights. The meeting concluded with a decision to hold off for six years, develop a budget, perform engineering design, and coordinate with Metra and future streetscape phases. It was also discussed that the bases of the lights are similar and do not affect the photometrics.

2. The focus on the installation of light poles and the need for photometrics to determine the light distribution from the fixtures. There's concern about the distance between the poles and the possibility of eliminating some of them. The color temperature of the fixtures is also discussed, with a requirement for 3,000 Kelvin or less to comply with dark sky initiatives.

NEW BUSINESS -

B. Public Works CIP - Director Ries continued her presentation on the Capital Improvement Program (see attached).

- **Capital Improvements**

1. Major projects for downtown Quincy include the Quincy Street Phase 2, ComEd Burlington Registration and ComEd relocation, and a proposed downtown street lighting dark sky project. Transportation projects include MST projects on Wilmette and Van Industrial Drive, a safe route to school grant for the Westview neighborhood, and 59th Street sidewalk improvements. The budget for these projects is large due to the fact that it represents two construction seasons.
2. Presented safe routes to school and the related grants available. The maximum grant for is 250,000, while the ICP Grant offers up to 80% of the project cost, with a maximum of 2 million. Review of upcoming alley and street light projects, including the construction of a salt storage facility on the old Street Division property that will hold 1500 tons of salt.+
3. Review of several infrastructure improvement projects. The stormwater improvement project involves rerouting the Oakmont outfall and collaborating with the county, with the county contributing $500,000. The water fun distribution improvements include 55th Street, 41st, and Lincoln water main improvements for 2023 and North Washington trowby improvements for 2025. The water supply improvements include repainting the South Water Tower, a condition inspection, and various upgrades at the water plant building, such as replacing pump motors, installing new generators, and upgrading electrical equipment. The reservoir will also be abandoned, and controls will be upgraded.
4. Vehicle replacement and available grants reviewed.
5. Brick paver maintenance in the downtown area. The topic included issues such as sinking bricks, tree roots heaving the bricks, and

areas holding water. A pilot program is being proposed to address these issues, including replacing some areas with malt or planting, enlarging some tree boxes, replacing some areas with concrete, and restoring some of the brick pavers. The plan is to target the worst areas first and assess the results for future budgets and future streetscape projects. The concern was raised that doing too much work now might be a waste of time and resources if the streetscape will be redone in the future. However, it was also noted that the downtown area is a focal point in the community and that it is prudent to address the really bad areas now. Manager May commented: I would say at the very least to the pilot program. Level everything else out to take the hazards away; It's got to be done. for safety. Keep us informed as you're moving ahead , tell us where you're working and we'll bring this back before the workshop

6. Sidewalks: The new sidewalk construction plan aims to improve walkability and accessibility, particularly around schools in Ada. The focus is on filling in gaps in existing sidewalks on specific streets, such as Wilmette, New Field Manner, South London, and South Warwick. The plan also includes enhancing safe routes to school and addressing resident requests. The proposed approach involves installing sidewalks on one or both sides of the street, depending on feasibility and budgetary considerations. The recommendation includes completing two blocks on Wilmette and two other locations in the fall, with additional projects scheduled for summer 2025.

7. EV Charging Stations: The considerations and potential solutions for installing electric vehicle charging stations in the Village. Several options were explored, including partnering with a firm to identify demand, installation, and charging fees, and owning and maintaining the stations. Cost, administrative details, and the type of chargers (level one or two) were also discussed. The meeting concluded with a presentation on the pros and cons of various approaches.

C. **Investments** - Interim Director Narducci introduced PMA, a public funds management company to present on the Village investments.

- A presentation of cash management options in light of changing economic conditions. The board is considering a tiered approach to fixed income, specifically a ladder portfolio, to move money from money markets. The analysis showed that over a three-year period, revenue and expenses have tracked closely, indicating that there is enough confidence in revenue to cover obligations and invest excess cash. The goal is to outperform money markets in the current economic climate, and a one-basis-point improvement in the rate of return would translate to a significant increase in revenue.

- The discussion centered around the management of liquid assets and the potential benefits of investing a portion of those assets in a laddered investment portfolio. The main reasons for considering this strategy were to capture higher interest earnings, take advantage of market opportunities, and prepare for potential changes in interest rates. The proposal involved investing $30 million in a laddered portfolio, with a focus on short-term investments of two years or less. The goal was to maintain liquidity while earning higher returns on the invested funds. The discussion also covered the investment philosophy of the financial advisors and the rationale behind the recommended laddered approach.
- A strategy for investing money, aiming for long-term growth using a ladder approach, gradually investing portions of money over two years to benefit from compounding interest. The approach involves investing at different intervals, such as six months, one year, and 18 months, rather than investing the entire amount at once. The speaker also emphasizes the importance of considering the time value of money and the potential benefits of investing longer. Additionally, the speaker discusses the current interest rate environment and suggests waiting for rates to come down before investing in longer-term fixed-term investments.
- Mayor Gunter stated this was his strategy at the Park District to maximize the funds out there longer.

D. **Pay for Performance System** - HR Director Brainerd introduced the topic of the implementation of a Merit compensation option for staff relief. The potential benefits of such a system are explored, along with the challenges and pitfalls that need to be considered. Different methods for determining Merit eligibility and awarding compensation were presented, including the standard annual performance evaluation, ongoing feedback methods, key performance indicators, 360-degree feedback, and employee self-assessment. The discussion also considers hybrid compensation systems that combine general wage adjustments with Merit components, as well as the possibility of providing compensation for job-related certifications. The meeting concludes with a review of the short-term, mid-term, and long-term options for implementing a Merit compensation system.

- The discussion focused on how the board should proceed with exploring options related to employee compensation and recognition programs. The board considered different approaches, including quickly exploring all options or taking a more measured approach.

1. Questions were raised about the availability of forms and whether there were existing resources from comparable entities or surveys that could be leveraged.
2. The board expressed a desire to retain and reward good employees and recognized the need for an ongoing process to identify and recognize exceptional performance.
3. The importance of ensuring that any merit-based program is in addition to general wage adjustments and that it is implemented fairly across departments.
4. The challenges of implementing multiple initiatives at once and the importance of considering employee feedback. Emphasizing the need to find a balance between taking immediate action and incorporating feedback to improve the process. Staff suggests starting with a shorter timeframe and adjusting based on employee feedback to ensure the program is effective and well-received.
5. Trustee Nero states the importance of considering people's needs when implementing changes; rushing things can lead to negative outcomes and make people less receptive to future initiatives. This requires us to find a workable solution and highlights the priority of treating people well.
6. expressed concern over the retention of quality employees while the implementation of the system is delayed, the importance of doing it correctly without falling behind other communities and losing talent in the meantime.
7. A hybrid approach that includes an annual increase plus merit and emphasized the importance of self-assessment. The discussion also touched on the recent compensation study and the challenges associated with the timing of the merit-based system's implementation.
8. The need to collect data and distribute it to the village board was also discussed, with a target date of January 1st for implementation.

II. **REPORTS -** Online report submitted by divisions.

III. **MISCELLANEOUS-** None

IV. **ADJOURN** - Motion to adjourn and seconded - all ays - at 5:59pm

(next meeting is scheduled for April 4, 2024)

Village of Westmont

Capital Improvement Program

Tonight's Agenda

1. Downtown Streetlights- follow up items
2. Major Projects Proposed for FY2025 (20 months)
3. Downtown Brick Paver Maintenance
4. New Sidewalk Construction
5. Electric Vehicle (EV) Charging

Downtown Streetlights- Follow up items

Downtown Streetlights- Questions & Answers

1. If we install lights now, will they have to be removed during future streetscape construction? *The lights will be able to be temporarily removed and reinstalled during any future construction.*
2. Can the existing lights being removed by Metra be installed somewhere else? *The existing lights along the platform are 14' tall. They could be used as replacements for same-height lights in areas such as parking lots, but not along Cass Ave.*

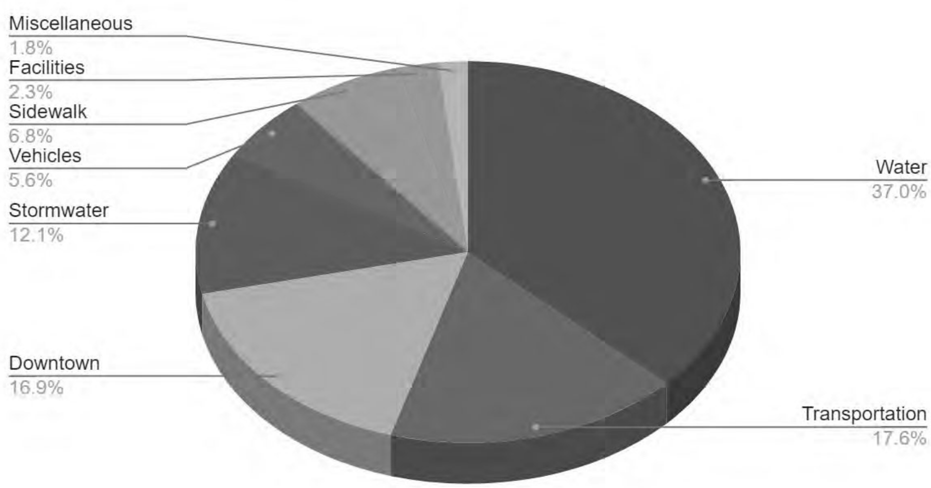
Downtown Streetlights- Recommendations

- Decide on a preferred pole and fixture.
- Develop a budget for streetlight replacement.
- Perform engineering design including photometrics for Dark Sky compliance.
- Coordinate with Metra for platform light replacement.
- Coordinate light replacement with future Streetscape phases.

Proposed 2025 CIP Summary- 20 months

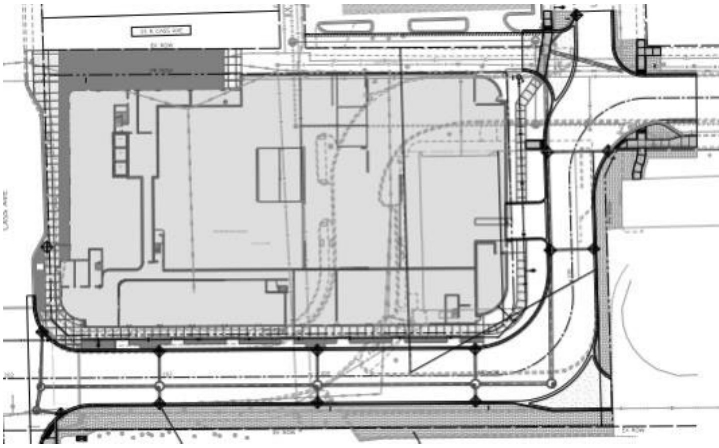
Water	$ 13,964,000
Transportation	$ 6,635,000
Downtown	$ 6,379,000
Stormwater	$ 4,559,000
Vehicles	$ 2,104,875
Sidewalk	$ 2,557,500
F[illegible]	8[illegible]
Miscellaneous	$ 665,000
TOTAL:	**$**

This budget will encompass 2 construction seasons.



Major Projects Proposed for FY2025 (20 months)

Downtown:

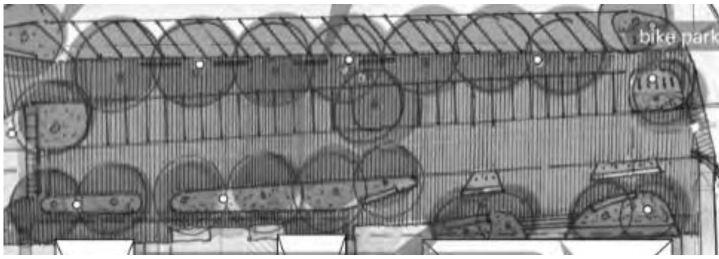


Quincy Streetscape Ph 2 $2.5M- Summer 2025

Burlington Reconstruction and ComEd Relocation $3.05M- Fall 2024-Fall 2025

Downtown Streetlighting Dark Sky project $600,000- Spring 2025

Transportation:



2024 MFT Resurfacing $1.7M- Summer 2024

2025 MFT Resurfacing $1.7M- Summer 2025

Major Projects Proposed for FY2025 (20 months)

Sidewalks:

Wilmette Sidewalk Dallas to Quincy $182,500- Fall 2024

Vandustrial Drive sidewalk $60,000- Summer 2024

SRTS (Westview neighborhood) $580,000- Summer 2025

59th Street Sidewalk Improvements $740,000- Summer 2025

Exhibit C: 65th St: Ridge Rd to Richmond Ave – 2,134 ft

Major Projects Proposed for FY2025 (20 months)

Alleys:

Residential Alley Sec 5S $1.65M- Summer 2024

Residential Alley Sec 10N $880,000- Summer 2025

Streetlights:

Farmingdale Streetlight Improvements $800,000- Summer 2024

Sycamore Run Streetlight Improvements $1M- Summer 2025

Facilities:

Wilmette Salt Dome $880,000- 2024

Major Projects Proposed for FY2025 (20 months)

Stormwater Fund

Traube Ave Roadway & Stormwater Improvements $2.95M- Summer 2025

Oakmont Outfall $1.385M- Summer 2025

Storm sewer CIPP lining $100,000- Summer 2024

Storm sewer CIPP lining $100,000- Summer 2025

Major Projects Proposed for FY2025 (20 months)

Water Fund

Distribution:

55th St and 41st/Lincoln Watermain Improvements $682,000- Summer 2024

North Washington/Traube Watermain Improvements $2.6M- Summer 2025

Supply:

North Water Tower $6.2M- 2024/2025

South Water Tower Coating $1.3M- Summer 2024

Water Pump Replacement and Standby Generator $2.2M- 2025

SCADA, Controls & Instrumentation $175,000- 2024-2025

Vehicle Replacements $2,104,875

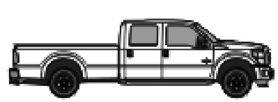
Leased Ladder Truck $192,750
Patrol Cars (3) $200,850
Continued Use $40,170
Fire U184 (SUV) $61,800
Streets 104 (5 ton dump)- co $236,519*
Streets 118 (7 ton dump) $235,119*
Streets 120 (5 ton dump) $236,519*
Streets 122 (utility) $110,000
Streets 124 (van) $80,000
Streets 144 (chipper truck)- co $181,731*

Water 203 (5 ton dump)-co $ 225,017*
Water 205 F-550 watermain truck $ 141,100
Water 213 pickup $ 85,000
Water 219 (meter car)- co $ 78,300

14 Total Vehicle Replacements

- Supply chain issues remain
- Long lead times require multi-year plan

*On order, delivery expected in 2025.



Downtown Brick Paver Maintenance- Options

Interim Options

Pilot program

- Replace some areas with mulch/plantings
- Replace some areas with concrete
- Restore brick pavers in strategic locations

Targeted repairs

Whole-block repairs

Replace with other materials (concrete, mulch, other)

Recommendations

Conduct a Pilot Program utilizing in-house resources to assess various types of repairs/treatments.

Target repairs for the worst areas.

Assess results of Pilot Program for future fiscal year budgets.

Incorporate lessons learned into future Streetscape projects.

New Sidewalk Construction

Strategic Plan for 2021- Policy Goals

- Sidewalk on at least one (1) side of the street everywhere in town
- Goal to have sidewalk on both sides of the street
- Focus on school walk routes
- ADA accessibility


Village of Westmont

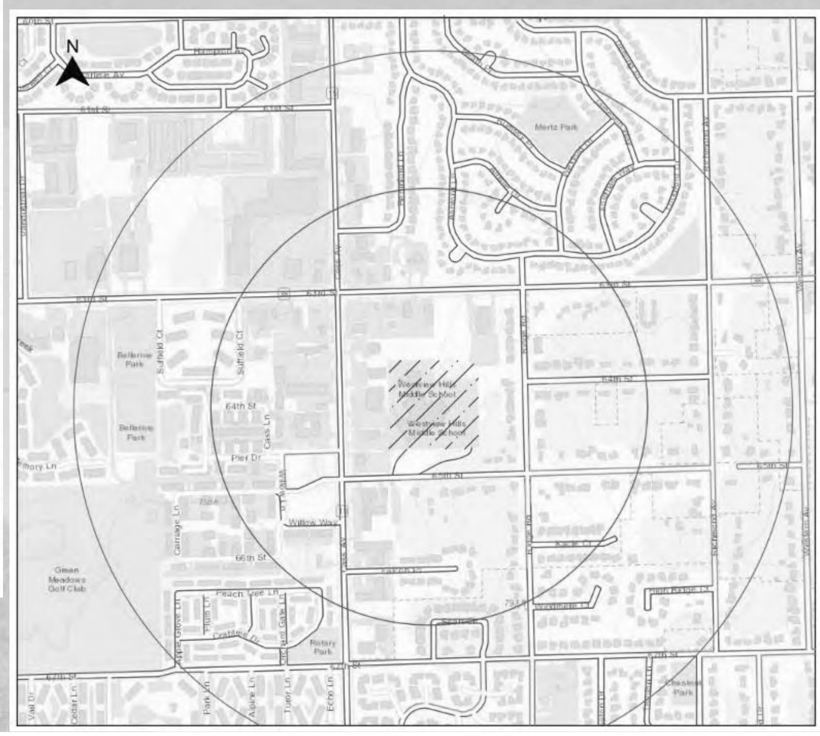
Strategic Plan for 2021

Adopted January 7, 2016

Potential Locations

- Wilmette from Dallas to Quincy, east side of street
- Newfield Manor remaining streets
- S. Linden and S. Warwick
- Westview Middle School walk routes (SRTS grant applied for)
- Richmond Court and 59th Street

Sidewalk Gaps



Sidewalk Gaps- Example Budgetary Costs

Sidewalk on one side

1000 linear feet

Est. $125,000 (construction)

Sidewalk on both sides

3020 linear feet

Est. $380,000 (construction)

Recommendation

- Wilmette from Dallas to Quincy, west side of street (Fall 2024)
- S. Linden and S. Warwick sidewalks (Fall 2024)
- Richmond Ct/59th St (Summer 2025)
- Westview Middle School walk routes (SRTS grant applied for) Summer 2025
- Newfield Manor remaining streets
  - 55th Place (2027)
  - 56th Street (2028)
  - 56th Place (2029)
  - Robinson Lane (2030)

Electric Vehicle (EV) Charging

Options:

1. Own and manage EV charging stations ourselves.
2. Partner with a firm to install and maintain EV charging stations on public property.

Electric Vehicle (EV) Charging

Considerations:

1. Capital cost for initial installation
2. ADA accessibility
3. Proximity to ComEd power facilities
4. Locations limited to Village-owned parcels
5. Administrative details
    a. Will we charge people? How much?
    b. Time limits?
    c. Who will collect the money?
    d. Who will fix them when they break?
6. Do we want a cost neutral solution?

Electric Vehicle (EV) Charging

Recommendation and Next Steps:

- Staff recommends partnering with a firm to own and maintain the charging stations.
- Staff will develop an RFQ and selection process to partner with a firm.
- Staff will bring the findings of the selection process back to Public Works Committee for discussion and Village Board for final approval.
- Estimated time for completion is six (6) months.

Questions?

Thank you for attending!

About PMA

Serving the Public Sector for 40 Years	• PMA Financial Network has been a leading provider of financial services to public entities since 1984 • Headquartered in Naperville with offices in 9 states
The PMA Companies (under common ownership)	• **PMA Financial Network** • PMA Asset Management (SEC registered investment advisor) • **PMA Securities** (Registered broker-dealer and municipal advisor member (FINRA and SIPC))
PMA Client Statistics	• Work almost exclusively with public funds • PMA has 157 Illinois municipal investment clients • Investment provider for the Village of Westmont since 2015
Assets Under Administration	• The PMA Companies has over $44 billion in assets under administration *(as of 12/31/2023)*

**Total assets under administration include both money market pool assets for which the PMA Companies serve as fund administrator/accountant, marketer/distributer, fixed income program provider (brokerage services), and/or investment advisory, or separate institutional accounts.

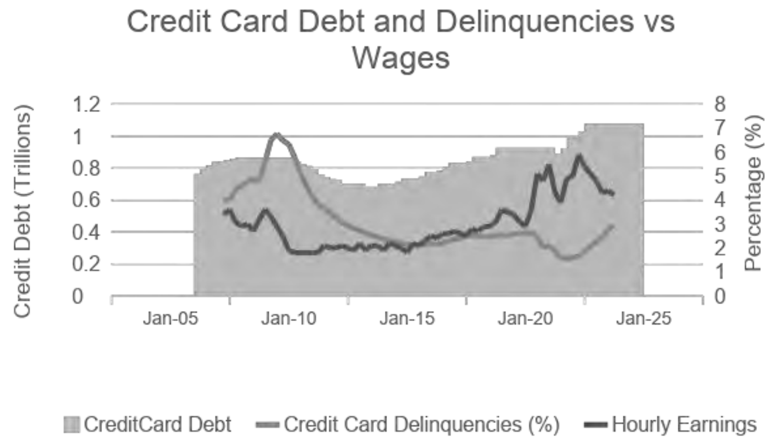
PMA™
FINANCIAL NETWORK

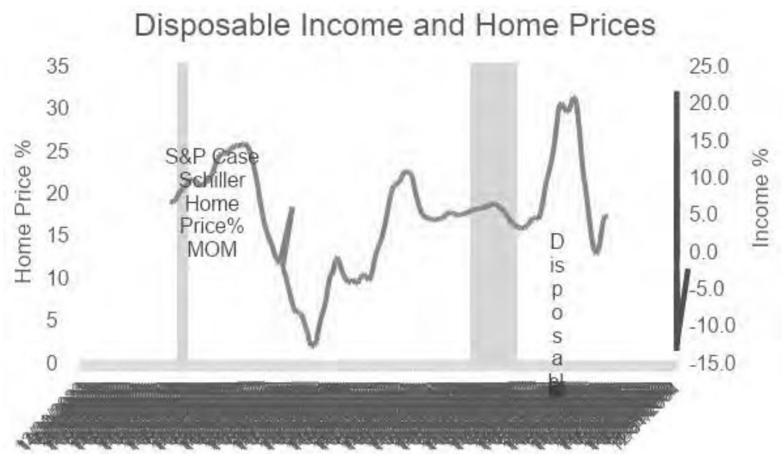
Economic and Market Update

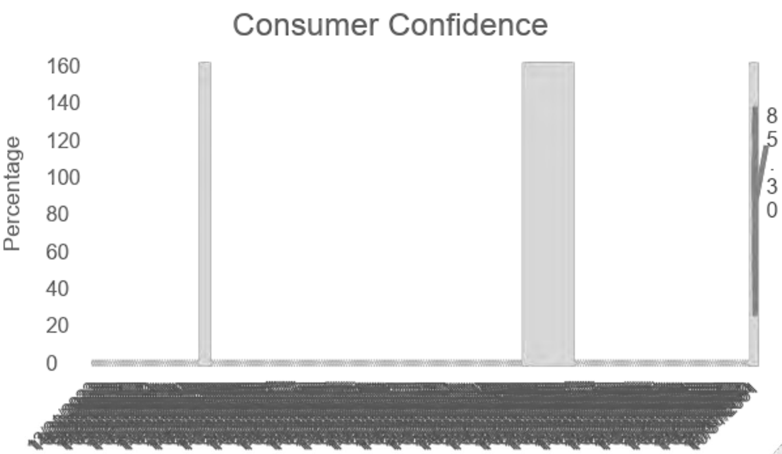
Fenil Patel
SVP, Senior Relationship Officer
PMA Financial Network

February 22, 2024

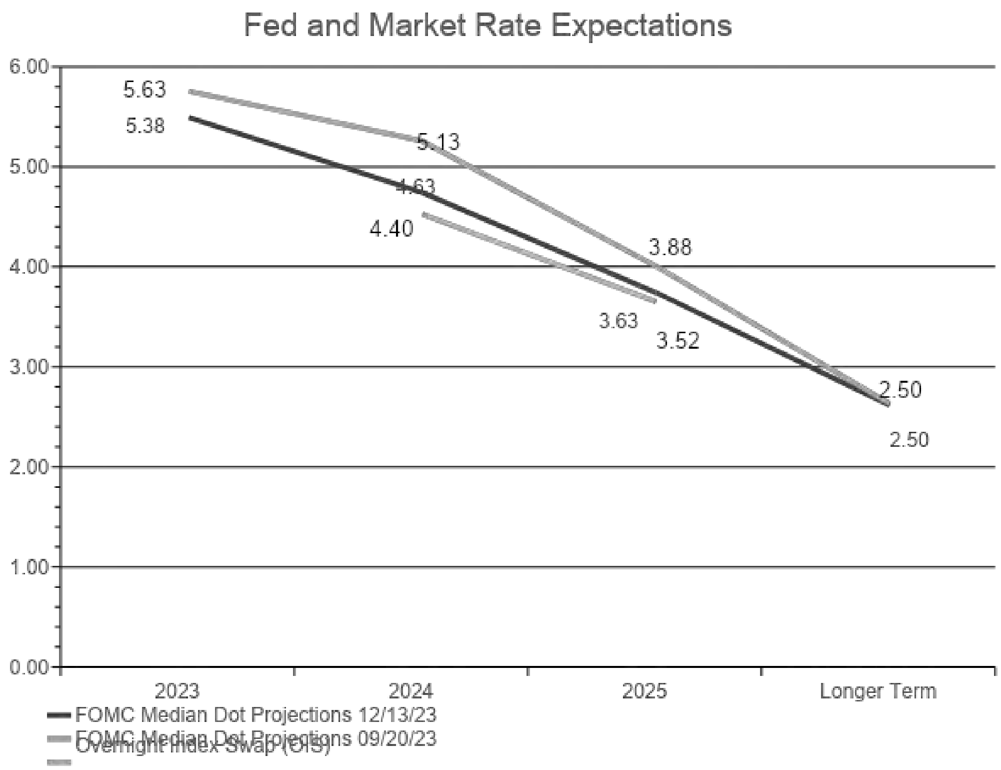
Consumer Strong but Softening







December Fed Meeting

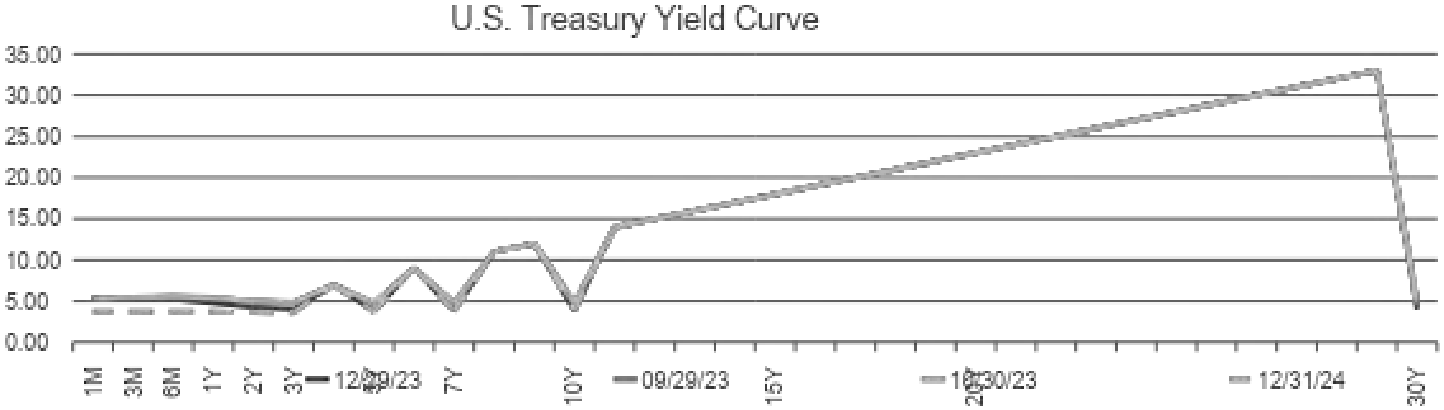


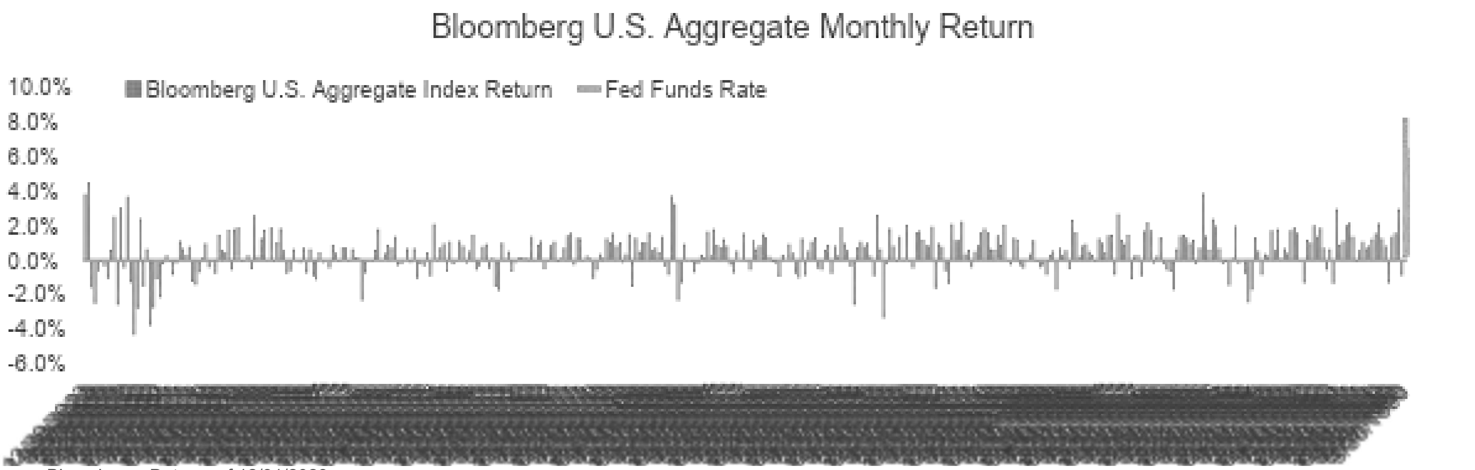
WIRP Fed Rate Expectations

Meeting Date	12/31/23	02/15/24
01/31/24	-0.16	-
03/20/24	-1.00	-0.12
05/01/24	-2.08	-0.46
06/12/24	-3.12	-1.16
07/31/24	-3.96	-1.85
09/18/24	-4.92	-2.68
11/07/24	-5.63	-3.28
12/18/24	-6.30	-3.97

Sources: Bloomberg, www.federalreserve.gov; As of 02/15/24

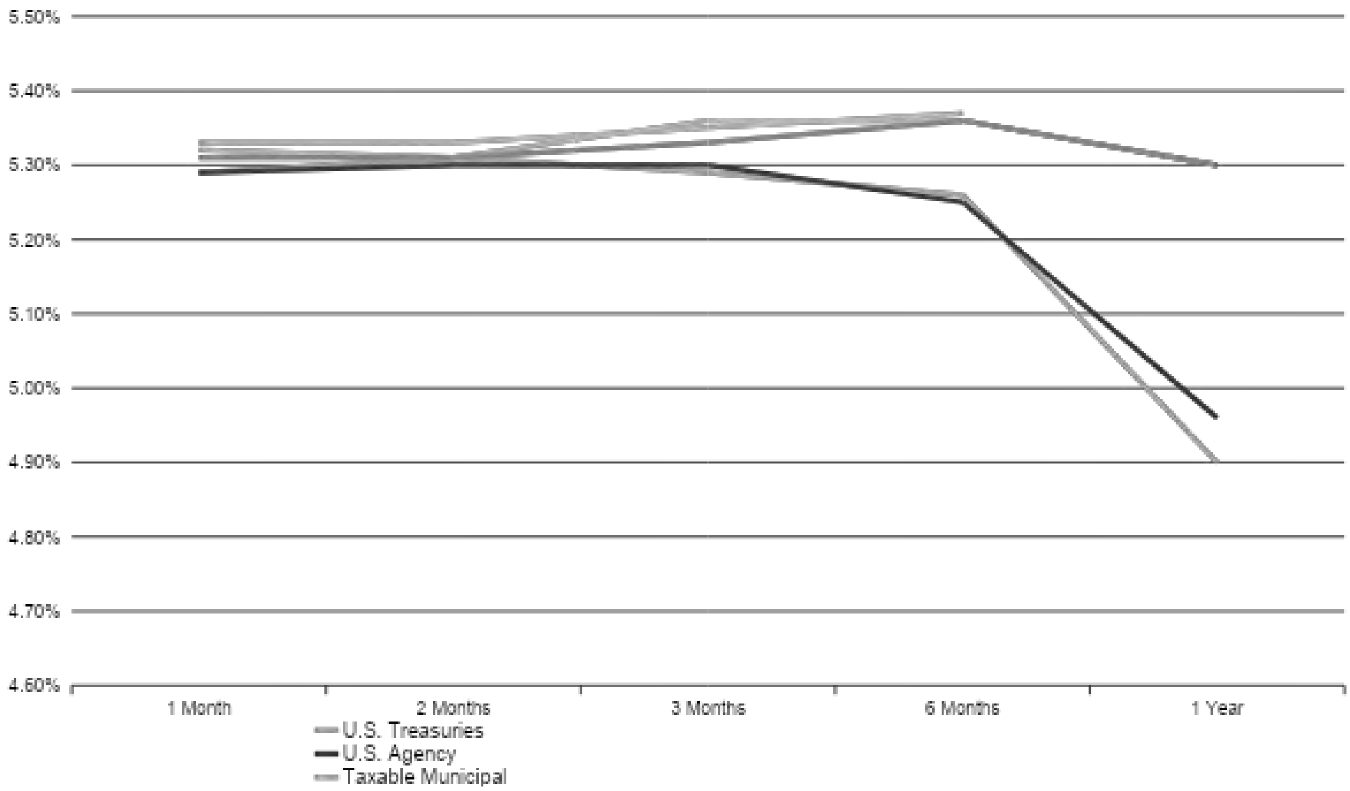
Realized Market Volatility





Source: Bloomberg. Data as of 12/31/2023

Short-Term Market Yields



*Repurchase Agreement yield is an overnight rate.
Source: Bloomberg as of 02/16/24

PMA Market Outlook

- Multiple Federal Reserve Rate Cuts in 2024
- Lagging Impacts of Tighter Monetary Policy Create Growth Headwinds
- Market Volatility Continues on Economic and Policy Uncertainty
- Domestic and International Geopolitical Risks in Focus
- Corporate Balance Sheets Supportive, Signs of Consumer Stress
- Outlook for Solid Returns Across Asset Classes in 2024

Disclaimer

PMA Asset Management, LLC. (“PMA”) is an investment adviser registered with the U.S. Securities and Exchange Commission. The information presented herein is for general information purposes only and is not a specific/buy sell recommendation. The analysis or information presented in this presentation is based upon hypothetical projections and/or past performance that may have certain limitations and is solely intended to suggest/discuss potentially applicable financing applications or investment strategies with you. Any terms discussed herein are preliminary until confirmed in a definitive written agreement.

Investment in securities involves risks, including the possible loss of the amount invested. In addition, past performance is no indication of future performance and the price or value of investments may fluctuate. Asset allocation does not assure or guarantee better performance and cannot eliminate the risk of investment losses. You should consider certain economic risks (and other legal, tax, and accounting consequences) prior to entering into any type of transaction with PMA Asset Management, LLC and its employees do not offer tax or legal advice. You should consult with your tax and/or legal advisors before making any tax or legal related investment decisions.

Securities, public finance and institutional brokerage services are offered through PMA Securities, LLC, PMA Securities, LLC is a broker-dealer and municipal advisor registered with the SEC and MSRB, and is a member of FINRA and SIPC. PMA Asset Management, LLC, an SEC registered investment adviser, provides investment advisory services to separately managed accounts and local government investment pools. All other products and services are provided by PMA Financial Network, LLC, PMA Securities, LLC and PMA Asset Management (collectively "PMA") are under common ownership. Securities and public finance services offered through PMA Securities, LLC are available in CA, CO, FL, IL, IN, IA, MI, MN, MO, NE, NY, OH, OK, PA, SD, TX and WI. This document is not an offer of services available in any state other than those listed above, has been prepared for informational and educational purposes and does not constitute a solicitation to purchase or sell securities, which may be done only after client suitability is reviewed and determined.

Merit Pay Options

2/22/2024 Administration / Finance Committee

Overview

1. The Question
2. Why Merit
3. Potential Pitfalls
4. Methods
5. Program Design Options
6. The Question

1. The Question

A. (3-6 months) - Just use old forms; decide spread
B. (6-12 months) - Top down tweak of annual method
C. (18-24 months) - Broader analysis; exploring various alternatives; task force; try to align to overall goals, etc.

2. Why Merit

- Current compensation system
- Reward high performance
- Increase motivation & performance
- Increase morale for some
- Reduce turnover

3. Potential Pitfalls

- Change in culture
- Increased costs
- Common performance evaluation biases
- Perceived unfairness
- Decrease morale & increase in turnover for some
- Stress/pressure
- Individual v group performance
- Culture of short-term thinking
- Unintended consequences

4. Methods

- Assessment Tools
  - Standard annual review *(most common)*
  - Ongoing feedback
  - Objective data driven measures (KPIs)
  - 360 degree feedback
  - Goal-based
  - Self assessment
- Compensation
  - GWA *(6%) or* Merit *(56%) or* Hybrid *(GWA + Merit - 38%)*
  - Base *(most common)* v One-Time Payment *(good for maxed EEs)* v Hybrid
  - Pay for Certifications

5. Program Design Options

A. Short-term
B. Mid-term
C. Long-term

5. Option A - Use Old Forms

- Use old forms
  - Perceived as time consuming & frustrating
  - Only annual process
  - Inconsistently applied (unfairness)
- Decide how to award pay
  - Based on specific score (unfairness)
  - Based on comparison (pressure / competition)
- Quickest approach (3-6 months)

5. Option B - Top Down Tweak

- Management Determinations
  - Lack of Buy In
- Use new annual forms
  - Only annual process
  - Could reduce inefficiencies
- Decide how to award pay
  - Based on specific score (bias)
  - Based on comparison (competition)
- Medium speed (6-12 months)

5. Option C - Broader Approach

- Task Force from multiple levels
  - Potentially more buy in
- Consider various option
  - Not just annual option
  - Could reduce inefficiencies
- Decide how to award pay
  - May be able to balance
  - Provide time to consider consistency
- Slowest (18-24 months)

5. Option C - Potential Timeline

- Q1 2024
  - Kickoff meeting with executive team
  - Form task force
  - Needs assessment of current state
- Q2 - Q3 2024
  - Explore various alternatives
  - Explore current trends
  - Review other communities & businesses
  - Review software options

5. Option C - Potential Timeline

- Q4 2024
  - Establish 1st draft plans
  - Review with task force
  - Expand to additional employee discussion
  - Establish 2nd draft plans
- Q1 2025
  - Pilot with select group

5. Option C - Potential Timeline

- Q2 2025
  - Obtain feedback on pilot program
  - Finalize program
- Q3 2025
  - Provide training to supervisors & employees
  - Begin using program
- Q4 2025
  - Monitor new program for consistency

5. Option C - Potential Timeline

- Q1 2026 & Ongoing
  - Pay for merit
  - Continue reviewing for consistency
  - Continue to update based on updated priorities

6. The Question

A. (3-6 months) - Just use old forms; decide spread
B. (6-12 months) - Top down tweak of annual method
C. (18-24 months) - Broader analysis; exploring various alternatives; task force; try to align to overall goals, etc.